

OUTGOING TELEGRAM Department of State

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Origin
Info

ACTION: Amembassy PHNOM PENH - IMMEDIATE

INFO: Amembassy BANGKOK 835
Amembassy LONDON 3272
Amembassy PARIS 2669
Amembassy SAIGON 861
Amembassy VIENTIANE 440
CINCPAC
Departments of Army, Navy, Air

CINCPAC ALSO FOR POLAD - Non-avail

JOINT STATE/AID/DEFENSE MESSAGE

DEPARTMENT OF STATE A/CDC/MR
REVIEWED BY *Smith* DATE *10/9/80*
RDS ☐ or XDS ☐ EXT. DATE *5*
US AUTH. *5* REASON(S) *5*
ENDORSE EXISTING MARKINGS ☐
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PA or FOI EXEMPTIONS

Re Cambodian decision terminate US assistance.

Deptel 257 - aid (US) Camb

Our note November 21 informed RKG that appropriate officials of American Mission prepared, in accordance with decision of RKG, immediately undertake bilateral conversations on termination of current aid programs as provided under terms existing Agreements. Following constitutes your instructions for these talks which you should commence soonest.

Part I, US Policy.

1. It is US policy proceed with deliberate speed to orderly termination of US assistance programs as requested by RKG.

2. Withdrawal

Drafted by: FE:SEA:DNArzac:mas:11/23/63

Telegraphic transmission and classification approved by:

THE SECRETARY

Clearances:

M - Gov. Harriman FE - Mr. Hilsman SEA - Mr. Koren
AID/FE - Mr. Poats (draft) DOD/ISA - Mr. Blouin (draft)
USDA - Mr. Johnstone (subs)
S/S - Mr. Lubken

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2. Withdrawal of US assistance should be conducted without bitterness or recrimination.

3. Where feasible and desired by RKG withdrawal from projects should be so designed as protect work already done and facilitate takeover by RKG.

4. In general, without in any way indicating that we are endeavoring retain any assistance programs in Cambodia in view RKG decision, we remain ready ~~[open]~~ to consideration any official RKG request for retention or completion of specific projects, particularly training.

Part II. MAP.

1. Following actions have been taken:

a. Suspension of shipment of all materiel in MAP for Cambodia, and diversion or return all materiel en route (except small packages which services determine not useable elsewhere).

b. Cancellation of shipment of replacement personnel for MAAG Cambodia.

c. Limiting POL deliveries to those to cover normal requirements until 31 Dec. (MAAG action).

2. CT recommendations are desired ASAP with respect to desirability and timing of following: ~~intervention which is not recommended~~

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~~1. Cancellation of all POL deliveries.~~

- a. Cancellation of all POL deliveries.
- b. Movement of damaged PGM from Cambodian waters as soon as practicable.
- c. Withdrawal of MAP materiel in country but not turned over to Cambodians.

3. CHMAAG is requested to submit as soon as practicable outline plans and recommended timing for (a) evacuation of MAAG, including technical assistance personnel; (b) disposal military property; (c) termination of MAP construction contracts (including REAM); (d) other actions deemed desirable.

4. CHMAAG is requested to ascertain Cambodian intentions with respect to Cambodian MAP trainees currently in CONUS.

5. A report on MAP material currently en route will be provided FYI ASAP.

Part III, AID Program

A. Actions Taken by AID/W

1. Per para 2 Part I, AIDTO 447; AID/W has ceased (a) call forward new participants, (b) issuing new Project Implementation Orders, (c) processing Procurement Authorizations, (d) allotting project and non-project funds, (e) travel of AID-financed personnel to Cambodia, except as approved

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as approved individual cases.

2. Letter of Commitment (LET/COM) banks have been instructed to not issue any new Letters of Credit or any amendments to existing Letters of Credit. Also instructed make no payments on behalf Approved Applicant (or authorized agent) except basis Irrevocable Letters of Credit. Also instructed LET/COM banks make no payments under existing revocable Letters of Credit, or payments under LET/COMs' correspondents' Irrevocable Letters of Credit not confirmed by LET/COMS. RKG and Cambodian National Bank should be informed above action.

3. All procurement and delivery of project and non-project commodities not on board ship being halted. This includes jute PA/PR.

4. PA/FR for POL being cancelled.

5. Nottingham AE contract being cancelled.

6. US AID instructed to dispose US owned equipment and supplies in accordance M.O. 391.2.

B. Partially Completed and Proposed Actions

1. Participants in U.S.

Unless RKG indicates desire for U.S. continue training for some or all of the 200 participants, we propose terminate AID financing for Cambodian participants at end current academic quarter or semester. AID financing

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d. Siem Reap Teacher Education Center - A & E contract being terminated by AID/W.

e. School of Arts and Trades - If in phase out discussions RKG requests US provide equipment for classrooms, we willing to consider, but need clarification funding situation. Is this equipment completely funded? How much has not yet arrived in Cambodia? If decision made to deliver this equipment, notify AID/W PIO/C on which procurement should be resumed. Construction contract with USAID should be terminated.

f. Kompong Trach Hospital - Construction contract with USAID should be terminated.

g. City Water Systems - You may complete construction contract Kampot, Kompong Thom and Siem Reap systems if RKG requests but not on Kratie system.

h. Pursat Secondary School - Construction contract may be completed if RKG requests.

i. Rehabilitation of Previous Construction - You may complete by continuing to make counterpart available if RKG so desires, and if in your opinion reasonably adequate supervisory RKG services will be available.

j. Buildings for fisheries, civil police, Stung Mean Chey Livestock Station

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Station and agricultural warehouse - All work being done by USAID should cease.

3. Contracts

Action to be taken with respect to certain contracts depends upon other actions set forth in this cable. AID/W now beginning action to terminate University and IVS contracts. USAID authorized inform IVS chief party that plans being developed offer IVS Cambodia personnel who have suitable skills and who are interested opportunity transfer other countries with IVS contracts. Should RKG desire IVS volunteers remain and private financing becomes available (for which no firm prospects) USG would be glad assist transition to private funding. Termination training functions of University Georgia and LA/LB contracts will depend upon final determination disposition of participants.

4. Commodities

a. Re both project and non-project commodities already on board ship or off-loaded Saigon, Hong Kong, or Singapore for transshipment Cambodia, we propose take all feasible steps divert delivery to other AID programs. If, in aid termination discussions with Country Team, RKG expresses desire receive any these goods in transit, particularly project goods, we would give immediate consideration to CT recommendation. Projects

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Projects for which we inclined approve delivery include Arts and Trades School and conceivably Civil Police Assistance. Reply priority.

b. Re project and non-project commodities arrived in Cambodia but still in customs, and re approximately \$800,000 of project commodities stored in AEA warehouse, since title vested in RKG we assume CT should agree to their release. Advise if CT recommends other course.

5. Outstanding Refund Claims - CT should submit recommendation re handling problem in termination negotiations. While dollar refund preferable acceptable solution would be US/RKG agreement turn over to US title to equivalent amount (approximately \$1.5 million) remaining counterpart.

6. Disposition Local Currency - Will be subject separate messages as variables affecting closeout balances become firm.

7. PL 480 Title III Program - If RKG desires continuation, we inclined consider favorably.

8. PL 480 Title I negotiating instructions hereby rescinded.

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END

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